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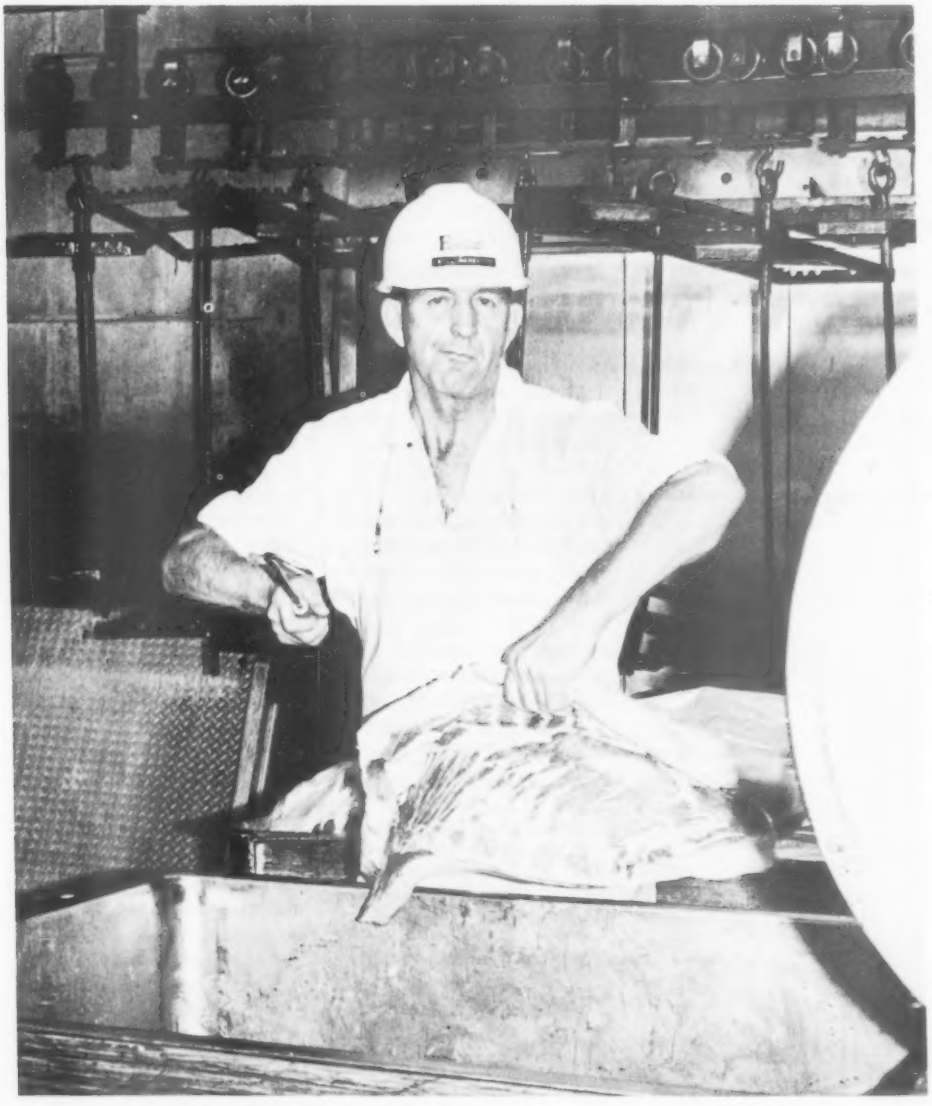

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Trimming U.S. bacon slabs in Iowa. World pork output is expected to rise in 1978.

World Meat Output May Reach Record Level in 1978

Meat production in key commercial markets in 1978 is expected to reach record levels, as gains in pork and poultry more than offset declines in beef and veal—the most significant items in world trade in red meat. Net meat imports in these primary countries in 1978 are expected to remain at 1977 levels.

Early forecasts for 1978 meat production in key commercial markets—the United States, the European Community, Japan, and Canada—indicate further expansion of meat production to a record level of about 47.3 [1] million metric tons, up 1.2 percent from the 1977 level. Net meat imports in 1978 in these markets are expected to be about the same as the 1977 level of 1.8 million tons.

Pork and poultry production in 1978 are forecast to rise by about 4 percent each. These increases in supplies substantially outweigh estimated declines of beef and veal output in these markets, which are forecast to fall by almost 3 percent in 1978.

In the major exporting countries of Latin America and Oceania, 1978 beef and veal production is forecast at 7.0 million tons—only slightly lower than the record level of last year. A major uncertainty in this projection is the duration of the dry conditions in Australia that have prevailed in recent months. Exports from these countries are estimated at 2.2 million tons in 1978—about the same as in 1977.

Lamb and mutton production in Oceania and Argentina is forecast at 1.1 million tons, down from the 1977 level of 1.2 million. Exports of lamb and mutton in 1978 are expected to remain near the 700,000-ton mark of 1976 and 1977.

Beef and veal are the most significant items in world trade of red meats. World trade had reached low levels of 2.1 million and 2.4 million tons in 1974 and 1975, respectively, primarily because of limitations of market access in the EC and Japan.

Some liberalization of trade to those areas occurred in 1976. In addition, a number of Middle East countries became more active in the international meat market, resulting in a rise in world imports in 1976 to 2.9 million tons—a very high level in relation to that of recent years.

Current estimates for 1977 world imports indicate a similar level with minor changes in import amounts for individual markets. Furthermore, forecasts for 1978 beef and veal trade indicate a continuation at the high level of 2.9 million tons.

Several factors contribute to this apparent stabilization in world beef and veal trade. On the supply side, there appear to be abundant quantities of beef available for domestic consumption and for export as a result of the record high production levels in 1976 and 1977 and continued high output expected in 1978.

These large supplies result from high rates of slaughter over the past several years in the major producing countries during the unusual period when most major producers experienced the same downward phase of the cattle cycle.

With respect to world demand, two considerations appear to influence a stabilized outlook. First, the economic outlook in most major beef importing nations indicates only modest rates of growth, below long-term trends. Furthermore, inflation rates in these countries are forecast to remain relatively high at 11.3 percent in 1978, compared with 11.2 and 13.4 percent, re-

[1] **Unless otherwise indicated, red meat trade is in terms of carcass weight (bone-in) equivalent; poultry is on a product weight basis.**

By the Dairy, Livestock, and Poultry Division, Foreign Commodity Analysis, Foreign Agricultural Service.

spectively, in the 2 previous years.

The second major consideration affecting more stabilized beef trade is the limitation imposed by import policy in many of the major markets. Given the present supply conditions in these markets, no major change in import restrictions is expected. Therefore, access to major commercial markets will be likely near current levels.

It is possible that some increase in future world beef trade could result from the Multilateral Trade Negotiations during the coming year. Meanwhile, the only major change in current trade levels could be the continued development of some newer markets for beef and veal in the Middle East and the Soviet Union.

In the United States, meat imports—primarily beef—are subject to the 1964 Meat Import Law. During the past several years, imports have been regulated by a series of voluntary export restraint agreements with major suppliers. U.S. imports in 1978 will be subject to a similar voluntary restraint program at a level of almost 591,000 tons (product weight), slightly above the 1977 level.

In the EC, continued high variable levies are expected to hold beef imports near the levels of the last 2 years. Because of higher domestic beef production and restricted import quotas, total Japanese beef imports during 1978 will also likely remain close to 1977 levels.

Major Importers

United States. Total meat production in the United States in 1978 is expected to increase 1-3 percent above the 1977 level to nearly 24 million tons. These record supplies will contain more fed beef, pork, and poultry, but less nonfed beef. Net meat imports are forecast to rise about 8 percent in 1978, partly because of increased imports of beef and lower exports of pork.

Beef and veal production is expected to drop by 3-5 percent in 1978 primarily because of a significant drop in nonfed cattle slaughter. However, lower prices for grain after mid-1977 caused cattle feeders to increase significantly the number of cattle placed on feed in recent months. As a result, supplies of beef will remain ample well into 1978, preventing much rise in fed cattle prices before mid-year.

Pork output in 1978 is forecast to rise 9-11 percent over 1977 levels to 6.6 million tons. Lower grain prices have prompted further expansion of hog farrowings in recent months, with more increases expected well into 1978. This will bring downward pressure on hog prices.

U.S. poultry production is expected to expand about 4-6 percent in 1978 to more than 5.7 million tons, following the 2 percent increase in 1977. While the 1977 gain was largely a result of higher production of broilers and fowl, 1978 production should see relatively equal growth in each of the poultry segments.

Imports of beef and veal in 1978, most of which are subject to the U.S. Meat Import Law, are expected to rise 3 percent above the 1977 level, the result of larger imports of fresh, chilled, and frozen beef and veal.

Tentative agreements have been reached with major supplying countries to voluntarily limit 1978 shipments of fresh, chilled, and frozen beef, veal, mutton, and goat meat to the United States to slightly less than 591,000 tons (product

U.S. Meat Import Accord Reached

The U.S. Government has reached basic agreement with the governments of major meat exporting countries on arrangements to govern U.S. import trade in meat, primarily beef, in 1978.

All that remains is for the agreements—in which suppliers agree to hold exports to the United States below designated levels—to be formalized by the participating countries.

Canada is expected to participate in a separate arrangement covering U.S.-Canadian, two-way trade in beef similar to that of 1977.

The system of arrangements with supplying countries will assure that total imports into the United States in 1978 of meat subject to the Meat Import Law will not exceed the trigger level for quota imposition under the law.

Public Law 88-482, enacted in August 1964, provides that if yearly imports of certain meats—primarily beef—are estimated to equal or exceed 110 percent of an adjusted base quantity, quotas are to be imposed on their import.

The adjusted base quantity for 1978 is 1,183.9 million pounds, and the quota triggering level is 1,302.3 million pounds. The base for 1977 was 1,165.4 million pounds and the trigger level was 1,281.9 million pounds.

Were is not for the expected arrangements with the supplying countries, imports in 1978 would exceed the trigger level.

Import prospects will be reviewed quarterly. The next estimate of 1978 imports of meat subject to the Meat Import Law will be made in March and announced on or before April 1. □

Monthly Imports of Meats Subject to Public Law 88-482, 1974-77

[In million pounds]

Month	1974	1975	1976	1977
January	118.0	135.5	117.6	92.8
February	82.3	97.5	92.2	97.8
March	104.9	106.0	147.4	107.0
April	91.4	86.1	94.7	103.2
May	80.6	75.8	104.4	102.9
June	78.6	100.9	120.0	91.5
July	59.4	104.3	87.5	91.4
August	101.4	112.8	82.3	133.8
September	91.8	114.6	109.6	117.1
October	72.3	85.2	135.8	85.9
November	93.2	121.7	106.6	107.7
December	105.2	68.6	33.6	119.8
Total[1]	1,079.1	1,208.9	1,231.7	1,249.8

[1] Totals may not add due to rounding.

weight), the trigger level for the imposition of quotas in 1978. Australia and New Zealand will continue to be the biggest shippers.

U.S. exports of beef are expected to continue high this year, as U.S. supplies of fed beef remain plentiful, and overseas demand for quality beef cuts continues to be strong. Japan will remain the largest U.S. market for beef.

U.S. pork exports in 1978 are forecast to be down about 15 percent below the year-earlier level, the result of larger pork output in major trading countries (Canada, Mexico, the EC, and Japan) and the termination on January 23, 1978, of the duty-free importation of pork by Venezuela.

U.S. pork imports should remain unchanged, with reduced imports from Poland and the Netherlands offset by larger imports from certain other East European countries.

Net trade in poultry meat should show an increase with gains in each of the poultry meat categories.

Canada. Canadian red meat production in 1978 may be a little less than the estimated 1.70 million tons in 1977. Since beef and veal account for approximately two-thirds of total production and pork only one-third, an expected gain of 5-6 percent for pork will not offset a projected decline for beef and veal in 1978.

Increased production of poultry, a strong competitor with pork, will offset only a small part of the decline in red meat supplies. Poultry production is forecast at 476,000 tons in 1978, compared with 471,000 tons in 1977.

Canada will continue to be a net importer of meat in 1978. Imports of beef and veal are projected at 97,000 tons in 1978—the same level as in 1977. Exports of beef and veal are projected at 60,000 tons, a small increase over 1977. Imports of pork are projected at 100,000 tons in 1978, while exports are projected at 40,000 tons.

Poultry meat production in 1977 rose approximately 1 percent, and 1978 production is expected to expand slightly. The major production increase should be in broiler meat, as a 5-percent reduction in turkey production is expected in 1978.

Japan. Because of larger beef, pork, and poultry output, meat production in Japan in 1978 is forecast to increase by 5 percent over the 1977 level to 2.5 million tons. Net imports in 1978 are forecast to drop by nearly 3 percent to 578,000 tons, because of lower imports of mutton and lamb, and poultry.

Beef and veal output is forecast to rise 4 percent in 1978 over the previous year's level to 370,000 tons. Most of the gain is expected to be derived from the slaughter of dairy steers.

Pork production is expected to mount by 5 percent above the 1977 level to 1.2 million tons.

Poultry production—also aided by lower feedstuff prices—is forecast to increase by 4 percent in 1978 to 920,000 tons. Of total poultry meat production, broiler output comprises almost 85 percent and production from fowl about 15 percent.

Beef and veal imports in 1978 are forecast to remain even with the estimated 1977 level of 120,000 tons. The U.S. share of the Jap-

Meat Production in Major Importing Areas, 1974-78 [1]

[In thousand metric tons]

Commodity and country	1974	1975	1976	1977 [2]	1978 [3]
Beef and veal:					
United States	10,716	11,271	12,166	11,875	11,400
Canada	942	1,050	1,139	1,145	1,085
EC	6,585	6,658	6,522	6,340	6,350
Japan [4]	292	340	298	355	370
Total	18,535	19,319	20,125	19,715	19,205
Pork:					
United States	6,500	5,343	5,755	6,012	6,600
Canada	611	521	512	550	580
EC	7,730	7,750	7,973	8,262	8,272
Japan [4]	958	910	1,056	1,140	1,200
Total	15,799	14,524	15,296	15,964	16,652
Mutton and lamb:					
United States	211	186	168	161	155
Canada	8	8	8	7	7
EC	508	529	527	524	550
Japan [4]	([5])	([5])	([5])	([5])	([5])
Total	727	723	703	692	712
Poultry: [6]					
United States	4,938	4,825	5,379	5,485	5,760
Canada	469	412	458	471	476
EC	3,126	3,101	3,341	3,456	3,530
Japan [4]	740	756	839	886	920
Total	9,273	9,094	10,017	10,298	10,686
Total meat:					
United States	22,365	21,625	23,468	23,533	23,915
Canada	2,030	1,991	2,117	2,173	2,148
EC	17,949	18,038	18,363	18,582	18,702
Japan [4]	1,990	2,006	2,193	2,381	2,490
Total	44,334	43,660	46,141	46,669	47,255

[1] Carcass weight equivalent. [2] Estimated. [3] Forecast. [4] Prior to 1976, Japanese Ministry of Health and Welfare; 1976 forward, Japanese Ministry of Agriculture and Forestry. [5] Less than 500 tons. [6] Product weight basis.

anese market dropped from 12.2 percent in 1976 to 8.9 percent in the first 9 months of 1977.

The Japanese Government has announced that the second half (October-March) fiscal 1977 quota for beef imports is 50,000 tons (product weight—up 10,000 tons from the first half of the year.

Effective November 1, 1977, Japan raised the surcharge on fresh, chilled, and frozen beef imports an average of 64 percent. This increase was reportedly intended to absorb profits Japanese importers accrued from the appreciation of the yen and from a recent drop in world beef prices.

However, as an incentive to encourage retail stores to comply with new, slightly lower target retail prices for beef, those stores selling at the new target prices will be allocated chilled beef at the previous surcharge level.

Pork imports in 1977 were down about 30 percent to 145,000 tons from the 1976 level because the duty waiver on pork was not applied. As a result of the expected sizable domestic production increase, imports in 1978 are projected to remain at about the 1977 level.

EC. Meat production in the EC is expected to rise slightly in 1978 to 18.7 million tons, which could dampen the need for meat imports and increase export availabilities.

Beef and veal production in 1978 is forecast to remain about even with the estimated 6.34 million tons produced in 1977. Larger output in France, the United Kingdom, and West Germany is expected to offset lower production in the Netherlands, Ireland, and Belgium.

Pork production in the EC in 1978 is currently forecast at 8.3 million tons, slightly above the 1977 level.

Poultry meat production in the EC climbed almost 3.5 percent in 1977 to 3.456 million tons, and is forecast to rise about 2 percent in 1978. While all EC countries are expected to have increases in 1978, France will lead with an approximate 3 percent growth.

With high intervention stocks and ample domestic production, EC net beef imports should remain near the levels of the previous 2 years. The Community will continue to have deficit supplies of manufacturing-quality beef, but surplus availabilities of higher quality cuts.

While net pork trade is expected to remain approximately the same in 1978, pork trade patterns within the EC may change as the United Kingdom, the largest EC pork import market, expands because of a 13-percent reduction in output. Market intervention in 1978 may again be required. Net poultry exports, meanwhile, should grow by nearly 20 percent in 1978, with most of the increase going to the USSR and Middle East.

USSR. At the beginning of 1978, livestock inventories in the USSR are estimated to show gains over 1977 levels. It appears that the increase in inventory levels is a direct result of the Soviets' allout effort to continue the expansion of their livestock industry from the reduced levels of the past 2 years.

According to Soviet data, meat production is estimated at 14.7 million tons in 1977,

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Net Meat Imports in Major Importing Areas, 1974-78 [1]

[In thousand metric tons]

Commodity and country	1974	1975	1976	1977 [2]	1978 [3]
Beef and veal:					
United States	718	784	868	825	855
Canada	57	66	85	45	37
EC [4]	222	52	308	340	365
Japan	77	64	130	120	120
Total	1,074	966	1,391	1,330	1,377
Pork:					
United States	166	99	44	40	60
Canada	–5	4	50	59	60
EC [4]	–62	26	22	–50	–74
Japan	60	178	204	145	150
Total	159	307	320	194	196
Mutton and lamb:					
United States	10	10	13	7	12
Canada	22	20	17	15	15
EC [4]	235	254	265	260	250
Japan	180	262	272	290	280
Total	447	546	567	572	557
Poultry: [5]					
United States	–74	–95	–183	–187	–190
Canada	1	10	32	24	22
EC [4]	–88	–65	–99	–153	–183
Japan	25	19	36	38	28
Total	–136	–131	–214	–278	–323
Total meat:					
United States	820	798	742	685	737
Canada	75	100	184	143	134
EC [4]	307	267	496	397	358
Japan	342	523	642	593	578
Total	1,544	1,688	2,064	1,818	1,807

[1] Carcass weight equivalent. [2] Estimated. [3] Forecast. [4] Excludes intratrade. [5] Product weight basis. Note: Negative numbers denote net exports.

Kenya's Tea Exports, Output Boomed in '77

By Lawrence A. Witucki

Kenya is the largest tea producer in Africa and the third largest tea exporter in the world. And tea's future could be brighter than that of coffee for Kenya, if the country can continue to increase its share of the world tea market.

Preliminary reports indicate that 1977 was another record year for Kenyan tea—production is estimated at 84,000 metric tons, with exports over 75,000 tons.

Production of manufactured tea and exports also set records in 1976—61,984 tons and 59,265 tons, respectively. Valued at $76.6 million in 1976, tea exports were second only to those of coffee as a foreign exchange earner.

In terms of export value, Kenya's tea exports increased an average of 10.2 percent a year during 1965-75, while world tea export values were increasing at an average of 3.5 percent.

During 1965-67, Kenya's share of the world tea export market value was 3.95 percent; by 1973-75, this share has increased to 6.5 percent. In quantity, Kenya's share increased from 4 percent to 6.9 percent. This ability to increase its share of the world tea market is part of Kenya's success story.

Yearly average prices—or tea export unit values—were fairly stable during 1965-73, but in 1974, a pattern of increasing prices began—a pattern that continued through early 1977.

On a yearly basis, however, world tea market prices varied more than those of Kenya. Kenya's coffee export prices showed more variation, even prior to 1976.

The United Kingdom and the United States were the top importers of Kenyan tea in 1976.

While the United Kingdom is still the dominant tea buyer, its imports accounting for some 48.7 percent of Kenya's tea export value in 1976, compared with 73.7 percent in 1970, other buyers have gained in importance. The United States accounted for 14.0 percent of the market in 1976, compared with 9.7 percent in 1970. In 1976, Kenya became the second most important tea exporter to the United States in terms of value, surpassed only by Sri Lanka.

In recent years, Pakistan and Egypt have become big buyers of Kenyan tea. Other large importers are Canada, the Netherlands, Ireland, and West Germany. Important African buyers in addition to Egypt are Somalia and Ethiopia.

Kenya moved from a negative trade balance with the United States to a more favorable one in 1976, primarily owing to high coffee prices and increased tea sales and prices. While U.S. exports to Kenya fell more than 11 percent to $43 million in 1976, compared with $48.5 million a year earlier, imports from Kenya jumped almost 67 percent to $60.2 million, compared with $36.1 million in 1975. Almost 92 percent of the U.S. imports from Kenya in 1976 were agricultural.

The value of U.S. imports of Kenyan coffee increased 112 percent to $32.9 million in 1976, although the volume imported remained the same. Tea imports increased 25 percent in value to $13.8 million in 1976. Other important agricultural imports from Kenya included pyrethrum extract and cashews.

In general, the world tea market has grown without great variation in prices, and consumption has increased even during the recent period of escalating prices.

During the 1965-75 period, the low price for tea was 82 cents per kilogram (1968) and the high was $1.13 per kilogram (1975), a 38-percent difference. Tea prices began increasing in 1974, but have not risen as sharply as those of coffee.

This stability is the more remarkable in comparison with other commodities: World sugar prices dropped 83 percent during late 1974 to late 1976; cocoa prices more than doubled from the second quarter of 1975 to early 1977; and coffee prices jumped by 481 percent from the second quarter of 1975 to early 1977.

Prices of Kenya's major export crops—coffee, tea, sisal, and pyrethrum—are largely determined by world markets. However, producer and consumer prices of many domestic food crops and livestock products, such as corn, wheat, rice, sugar, beef, and milk are set with the approval of the Government. Domestic retail prices of coffee and tea are also controlled.

Kenya's agricultural sector continues to be the single most important part of the economy. During 1965-74, agriculture accounted for nearly 60 percent of Kenya's total merchandise exports.

During 1965-75, coffee and tea have continued to account for 51 percent of the country's agricultural exports—coffee, 32.5 percent and tea, 18.5 percent. During this 11-year period, Kenya's agricultural exports increased an average of 10.4 percent in value each year.

Kenyan agricultural exports had a yearly average value of $310.2 million during 1973-75. Of that amount, coffee and tea exports averaged $101.6 million and $57 million, respectively. Apparently, Kenya has not reduced its reliance on the agricultural sector for the generation of exports, and coffee and tea continue to dominate. Other agricultural exports include pyrethrum, livestock products, sisal, nuts, fruits, and vegetables.

Kenya's highlands include areas with suitable soil and high rainfall, which are conducive to tea production. These areas are concentrated in the western and central part of the country.

In 1974/75, Kericho District, in the western part of Rift Valley Province, accounted for 45 percent of Kenya's total tea output. Expansion by smallholders is most evident in the central part of the country, near Mount Kenya. The Government's policy is to increase smallholders' shares of the country's production.

In 1976, the smallholders' sector increased its output by 21 percent, boosting its share of total Kenyan tea production to 31.5 percent. At the end of 1976, small-

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Drying tea in Kenya. Preliminary reports indicate that 1977 was a record year for Kenyan tea production and exports.

holders had some 39,740 hectares of tea—60 percent of the country's total tea area of 65,951 hectares that year. Smallholder yields are less than those of estates, but they are increasing gradually.

Kenya's overall tea yields have been about average for the world, ranging from 1,030 kilograms to 1,070 kilograms per hectare. However, when the new plantings reach maturity, the Kenya Tea Development Authority (KTDA) expects smallholder yields to average 1,300 kilograms per hectare. In the Kericho area, when rainfall is expected on 150-200 days per year, yields are above the Kenyan average.

Tea production is labor intensive, with labor requirements distributed fairly evenly throughout the year. Production can also be carried out on a small scale. The average size tea planting by a smallholder currently is slightly less than 0.4 hectare. Tea development stimulates rural employment and the labor requirements are compatible with the high population densities found in central and western Kenya. Tea plucking is apparently not sufficiently remunerative enough, however, to avoid labor shortages, which have been reported.

The KTDA is an important factor in Kenyan tea development, and is involved in all aspects of smallholder tea output, including nurseries, credit, extension services, training, transportation, and marketing. In addition to supplying tea plants to smallholders, the KTDA also exports cuttings to countries such as the Sudan and Burundi. The KTDA also teams with the Ministry of Works to promote the construction and maintenance of tea area roads.

In contrast to Kenyan cooperatives for coffee and pyrethrum, the KTDA deals directly with the smallholders. It also plans, finances, and manages tea factories; in 1974/75, nine of the 19 factories were managed by the KTDA with growers buying shares in many of them.

Research is conducted by the Tea Research Institute of East Africa, headquartered in Kericho. Much of the research is concentrated on plant improvement and agronomy.

Kenya's tea development has been facilitated by an orderly buildup of a good infrastructural base, including the institution of land tenure. □

Mozambique To Receive Food Aid

The United States will provide 20,000 metric tons of wheat, 5,000 of rice, and 2,000 of nonfat dry milk to Mozambique during fiscal 1978 under terms of a P.L. 480, Title II, agreement signed on December 2, 1977.

This agreement also provides 2,190 tons of rice, 438 tons of milk, and 160 tons of vegetable oil for Zimbabwean refugees in Mozambique.

Mozambique will receive this food assistance in response to a United Nations Security Council Resolution of June 11, 1977.

Up to one-third of Mozambique's foreign exchange earnings formerly came from the Rhodesian transit traffic across Mozambique, which war has completely halted. The exodus of Mozambique's commercial farmers has reduced agricultural production substantially, although subsistence production of corn, millet, cassava, and sorghum has been little affected.

The Mozambique Government has converted the country's commercial farms into large-scale State farms and is channeling investments to that sector to try to bring commercial crop production back to its 1973 level by 1981. A substantial part of the necessary capital and expertise is being provided by the Scandinavian countries, including Finland.

The United States will also provide blended foods, cornmeal, dried milk, and vegetable oil to refugees from Zimbabwe living in Mozambique under four World Food Program projects. □

World Food Prices: Rate of Increase Continues To Slacken

Slight declines from month-earlier levels were reported in the official November food price indexes (FPI's) of West Germany, Japan, and Australia.

In 12 other countries, FPI's continued to rise during the same period—but at a decelerating rate.

In five of the 16 countries in the FAS bimonthly survey of food prices (South Africa's food prices and index indicators are now included), the FPI increase in percent, on a 1-year basis, was held to a single digit.

In Japan, for example, the rate of rise during the year was 8.1 percent, compared with 9.9 percent during the year-earlier period.

The rate of increase also was held below 10 percent during the year in the United States, Belgium, West Germany, and the Netherlands.

In Brussels, beef and pork retail price increases between November 2 and January 4 ranged from 1.56 percent for chuck roast (up from $5.49 per kilogram) to 4.24 percent for pork chops (up from $4.69 per kilogram), largely reflecting a Government-authorized increase in retail meat margins from the equivalent of 66 U.S. cents per kilogram to 83 cents.

London's beef, pork, and bacon prices were higher because of a shortage of hogs for slaughter and postholiday demand for meats other than poultry.

Prices of beef and pork in The Hague were steady.

In Brasília, only one store had available all types of meat included in the survey data. Meat prices in butcher shops were substantially higher than in supermarkets. Fresh meat is now available at the retail level.

Holiday demand pushed egg prices up 4 percent in Brussels. Egg prices also were seasonally higher in London, but poultry prices there declined, reflecting slack postholiday demand.

Egg prices were substantially higher in Mexico City, largely as a result of a new ceiling price authorized by the Government.

Brussels reported prices for domestic and Dutch Gouda cheese up 11.4 and 3.1 percent, respectively, to record high levels.

Large amounts of cheese in London account for the modest price rise there of 13 cents per kilogram.

Whole milk in Ottawa was up 2 cents per liter—the maximum increase permitted by the Government.

Butter prices were lower in some European Community (EC) countries than when previously reported.

In Rome, prices were 69 cents to 81 cents per kilogram less than those of 2 months earlier. Italy's allocation of 7,000 metric tons of EC subsidized butter accounted for the decrease.

Copenhagen's retail stocks of subsidized butter sold quickly at a saving to con-

By Sidonia R. DiCostanzo, Special Projects Division, FAS.

DATA QUALIFICATIONS: Food price indexes, which reflect food price changes in general, are obtained from official government sources. They are based on local-currency prices, and are not directly affected by exchange rate fluctuations.

Food prices of selected commodities are obtained by U.S. Agricultural Attachés on the first Wednesday of every other month. Local currency prices are converted to U.S. prices on the date of the compilation. Thus, shifts in exchange rates directly affect comparisons between time periods.

The objective of the survey is to reflect the level of prices in other countries of items normally purchased by U.S. consumers. Exact comparisons are not always possible, since quality and availability vary greatly among countries. An attempt is made to maintain consistency in the items and outlets sampled, but they are not necessarily representative of those in the reporting countries.

Food Price Index Changes in Selected Countries [1]

Country	Latest month	Index 1970=100	Percent change from Prev. month	Three months	One Year
Argentina	Nov.	26,271.4	+9.4	+32.8	+179.1
Australia	Nov.	205.6	− .1	+ 2.1	+ 11.3
Belgium	Nov.	174.5	+ .3	+ 1.7	+ 4.8
Brazil	Nov.	656.3	+3.5	+ 8.1	+ 45.6
Canada	Nov.	190.5	+ .8	+ 2.5	+ 13.9
Denmark	Nov.	213.1	+ .6	+ 4.5	+ 11.7
France	Nov.	204.4	+ .2	+ 2.1	+ 11.6
Germany	Nov.	142.9	− .1	− 1.1	+ 4.4
Italy	Nov.	252.7	+ .8	+ 3.3	+ 16.3
Japan	Nov.	214.4	− .6	+ 2.6	+ 8.1
Mexico	Nov.	282.7	+ .9	+ 3.6	+ 24.0
Netherlands	Nov.	165.3	+ .1	+ .2	+ 4.2
South Africa	Oct.	211.6	+1.2	+ 2.3	+ 10.6
Sweden	Nov.	202.1	+ .3	+ .7	+ 16.2
United Kingdom	Nov.	298.1	+ .3	+ .5	+ 11.7
United States	Nov.	170.2	+ .6	+ .2	+ 8.0

[1] Based on official price indexes.

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City	Steak, sirloin, boneless	Roast, chuck, boneless	Pork chops
	Hr/min	Hr/min	Hr/min
Bonn	1:52	1:17	0:58
Brasilia	1:05	:57	1:41
Brussels	1:58	1:04	:58
Buenos Aires	3:53	2:17	4:01
Canberra	:56	:18	:56
Copenhagen	1:46	:46	:59
London	2:22	1:14	1:13
Mexico City	2:50	2:47	2:30
Ottawa	:47	:24	:39
Paris	2:18	1:16	(2)
Rome	2:41	2:17	1:28
Stockholm	2:01	1:14	1:02
The Hague	2:02	1:11	1:06
Tokyo	8:21	4:28	1:37
Washington	:52	:35	:52

[1] Calendar 1977 national average for production

City	Steak, sirloin, boneless	Roast, chuck, boneless	Pork chops
Bonn	11.85	7.41	6.06
Brasilia	2.04	1.79	2.93
Brussels	10.66	5.89	5.19
Buenos Aires	1.42	.81	1.73
Canberra	3.88	1.71	5.26
Copenhagen	13.09	5.70	7.22
London	7.46	3.77	4.02
Mexico City	2.29	2.25	2.34
Ottawa	4.79	2.51	4.10
Paris	8.04	4.48	5.39
Pretoria	3.76	2.19	2.62
Rome	8.05	6.96	4.47
Stockholm	12.12	6.96	5.81
The Hague	10.38	6.07	5.64
Tokyo	34.57	16.06	8.72
Washington	4.01	2.91	3.95
Median	7.75	4.13	4.83

[1] 1 kilogram=2.2046 pounds; 1 liter=1.0567 qua

sumers of 83 cents per kilogram.

London's butter and cheese prices were up only 2 and 3 percent, respectively, over November 2 levels. Large EC stocks prevented a greater increase.

Continued short supplies of apples in The Hague resulted in further price increases.

Although the French potato market is reported to be depressed by abundant supplies, steady retail potato prices have been reported in Paris for three consecutive price surveys.

Pretoria's food prices advanced some during 1977, not quite matching the overall rate of inflation.

In Canberra, the inflation trend is leveling off and most foods are in ample supply at steady prices. However, if the drought—which now extends across much of the country—continues, some price increases can be expected.

A separate FAS survey (see table) shows time spent by workers in 15 countries to earn the retail value of selected food products.

Since the survey of 2 years ago (*Foreign Agriculture*, Feb. 9, 1976), wages in most of the 15 countries generally have kept pace with retail food prices.

Annual updating of these data, which are reported by U.S. Agricultural Attachés from official sources, is planned. □

Time Spent by Workers To Earn Retail Value of Food Products in Selected World Capitals [1]

[Hours and minutes required to purchase 1 kilogram, except where other unit of measure is indicated]

ork ops	Roast, pork, boneless	Ham, canned	Bacon, sliced, pkgd.	Broilers, whole	Eggs, dozen	Butter	Mar- garine	Cheese: Edam, Gouda, or Cheddar	Milk, whole, liter	Oil, cooking, liter	Tomatoes	Onions, Yellow	Potatoes	Apples	Oranges, dozen	Bread, white, pkgd.	Rice	Sugar
/min	Hr/min	Hr/min	Hr/min	Hr/min	Hr/min	Hr/min	Hr/min	Hr/min	Hr/min	Hr/min	Hr/min	Hr/min	Hr/min	Hr/min	Hr/min	Hr/min	Hr/min	Hr/min
58	1:50	(2)	1:22	0:23	0:14	0:41	0:22	0:51	0:05	0:20	0:09	0:08	0:02	0:15	0:41	0:08	0:16	0:07
41	3:05	2:38	5:00	:57	:27	2:00	:52	2:58	:11	:40	:16	:08	:15	:55	:22	:26	:17	:14
58	1:02	1:26	:46	:33	:17	:51	:23	1:00	:06	:17	:16	:07	:01	:13	:26	:11	:12	:11
01	(2)	(2)	8:38	3:24	1:59	7:50	4:55	9:45	:34	4:19	1:29	:44	:19	:54	1:43	2:05	1:44	1:14
56	:55	1:15	1:10	:44	:16	:30	:29	:58	:07	:26	:13	:10	:05	:04	:12	:13	:10	:05
59	1:01	:46	:47	:18	:13	:33	:16	:40	:03	:17	:19	:10	:05	:09	:14	:11	:10	:11
13	1:01	1:13	1:26	:32	:20	:46	:32	:53	:08	:32	:29	:09	:04	:28	:38	:11	:19	:10
30	3:02	(2)	3:08	1:54	:40	3:37	1:42	7:02	:21	1:08	:32	:21	:34	:46	:35	:35	:37	:14
39	:39	:51	:39	:19	:09	:26	:20	:39	:06	:17	:10	:07	:02	:10	:17	:07	:11	:04
2)	1:44	2:04	2:40	:37	:26	1:08	:23	1:13	:07	:26	:19	:12	:02	:19	:58	:35	:20	:11
28	1:28	1:40	1:20	:49	:21	1:17	:37	1:19	:09	:22	:16	:11	:07	:12	:32	:18	:24	:14
02	1:47	1:10	1:08	:38	:17	:33	:24	:52	:04	:49	:20	:14	:05	:17	:31	:20	:13	:08
06	1:16	1:05	1:31	:24	:15	:44	:15	:55	:05	:18	:10	:05	:01	:05	:28	:08	:11	:08
37	1:59	2:38	1:44	:44	:17	1:11	:42	:55	:12	:27	:16	:10	:13	:34	1:31	:16	:15	:13
52	:35	:58	:45	:13	:08	:34	:21	1:07	:05	:20	:14	:05	:05	:11	:18	:11	:07	:05

uction workers, calculated in local currencies. [2] Not available.

FAS Survey of Retail Food Prices in Selected World Capitals, January 4, 1978

[U.S. dollars per kg [1] or units as indicated, converted at current exchange rates]

Pork hops	Roast, pork, boneless	Ham, canned	Bacon, sliced, pkgd.	Broilers, whole	Eggs, dozen	Butter	Mar- garine	Cheese: Edam, Gouda, or Cheddar	Milk, whole, liter	Oil, cooking, liter	Tomatoes	Onions, Yellow	Potatoes	Apples	Oranges, dozen	Bread, white, pkgd.	Rice	Sugar
6.06	10.28	(2)	8.15	2.12	1.34	3.81	2.03	5.06	0.48	1.89	1.43	0.48	0.19	1.12	1.40	0.74	1.56	0.72
2.93	5.45	(2)	(2)	1.32	.76	2.66	1.18	4.01	.25	.91	.62	.36	.38	1.68	.46	.69	.43	.34
5.19	5.25	7.58	4.14	2.66	1.57	4.50	1.93	5.32	.54	1.51	2.30	.33	.11	1.18	1.63	.92	1.06	.97
.73	(2)	(2)	2.60	1.54	.50	2.73	1.60	3.36	.20	1.45	.69	.19	.12	1.11	.74	.41	.69	.52
5.26	4.03	5.29	4.86	2.28	1.13	2.13	2.08	4.04	.46	1.60	1.47	.68	.32	.76	1.65	.87	.74	.39
7.22	7.56	6.05	6.26	2.41	1.63	3.33	1.62	5.29	.49	2.18	2.69	.88	.44	1.29	1.67	1.40	1.47	1.40
4.02	3.35	3.85	4.94	1.59	1.16	2.22	1.76	2.93	.40	1.55	2.09	.34	.21	1.21	1.22	.63	.88	.51
2.34	2.78	(2)	2.71	1.90	.81	2.95	1.50	7.40	.29	.89	.80	.48	.53	1.19	.29	.47	.50	.27
4.10	3.36	5.03	3.22	1.83	.83	2.59	1.99	3.80	.56	1.65	1.49	.42	.26	1.09	1.81	.74	1.21	.45
5.39	6.28	6.83	8.90	1.97	1.65	3.89	1.27	4.01	.41	1.26	.82	.29	.14	1.02	1.33	1.83	1.05	.58
2.62	2.80	4.14	2.90	1.16	.62	1.76	1.29	2.09	.33	1.29	.78	.35	.48	.63	.94	.23	.91	.31
4.47	4.47	4.92	4.14	2.51	1.24	3.22	1.84	4.12	.45	1.04	.92	.52	.29	.75	1.06	.67	1.27	.71
5.81	10.90	6.48	6.41	3.27	1.62	3.07	2.23	4.60	.41	4.47	2.67	.92	.45	1.32	1.86	1.84	1.28	.81
5.64	6.73	5.61	8.21	2.11	1.23	3.81	.96	5.00	.45	1.29	1.37	.30	.11	.65	1.07	.57	1.00	.73
3.72	8.63	11.25	7.26	3.09	1.11	5.52	3.34	4.04	.83	2.07	2.73	.75	.76	1.46	6.01	1.17	1.25	.92
3.95	3.88	5.64	3.62	1.12	.80	3.33	1.63	4.76	.52	1.97	.93	.37	.26	.86	1.68	1.08	.88	.57
4.83	5.25	5.63	4.86	2.04	1.15	3.15	1.70	4.08	.45	1.53	1.40	.40	.28	1.12	1.37	.74	1.03	.58

57 quarts. [2] Not available. Source: U.S. Agricultural Attachés.

Record World Rice Crop Forecast for 1977/78—Trade Lower in 1978

A record world rice harvest of 362 million metric tons (paddy) is in prospect for 1977/78 as a result of bumper crops in India, Bangladesh, Japan, Korea, and several other countries.

World rice trade in calendar 1978, however—still unchanged from the mid-November FAS estimate of 8.2 million tons (milled)—is down more than 1 million tons from the revised 1977 level of 9.3 million tons.

But even with a record crop and a reduced level of world trade, world rice price quotations have risen sharply in recent months.

A major factor in this increase is that although world rice stocks have mounted because of record production, the increased availabilities are not in the hands of traditional exporting countries.

With the exception of the United States, major rice exporters again are expected to sell their entire export availabilities from the 1977/78 harvest.

The People's Republic of China (PRC) is an unknown factor in the trade outlook for 1978, but it is expected that its exports will rise somewhat during the year in response to smaller export availabilities from Thailand and higher world prices.

Asian rice crop prospects for 1977/78 are good to excellent in all countries except Laos, Cambodia, Vietnam, Thailand, and Indonesia. While information from Laos, Cambodia, and Vietnam is fragmentary, data indicate that prolonged drought conditions in major production areas held outturns well below goals.

Other major developments in the world rice situation include:

- Stepped-up import arrivals planned by Indonesia through first-quarter 1978;
- Sharply reduced crop prospects in Thailand;
- Recent export sales by several Asian producers not normally in an export position.

Vietnam imported substantial quantities of rice as well as wheat during 1977, and is expected to continue these imports in 1978. Through October, Vietnam imported about 75,000 tons of rice from Thailand and about the same amount from Burma.

The 1977/78 Indonesian crop—revised downward more than 1 million tons to 22.4 million tons—is reported to have sustained substantial damage because of drought, pest infestations, and plant diseases.

Drought conditions have been particularly severe in west and central Java, the western portion of east Java, south Sulawesi, west Nusatenggara, and Lombok.

In recent years these areas have accounted for over two-thirds of the total rice crop. Imports to date plus purchases for delivery before the end of the April-March marketing year total about 2.5 million tons.

Imports in calendar 1978 are projected at 1.9 million tons—the same as the revised 1977 estimate—but could be larger if drought conditions continue.

Rice is grown and harvested during the entire year in Indonesia, a situation that contributes to pest infestations and plant diseases. However, the bulk of the harvest occurs in April-June.

Continued drought could have a substantial impact on production prospects for the harvest beginning late in the spring, and it is likely that concern over this coming harvest has influenced recent purchases.

Indonesia's recent purchases for nearby delivery have been from traditional sources, including Pakistan (100,000 tons), Burma (110,000 tons), Thailand (270,000 tons), PRC (300,000 tons), and North Korea (100,000 tons), but also include arrangements with countries that normally do not export rice, such as Japan (100,000 tons), South Korea (70,000 tons), and the Philippines (25,000 tons).

Japan's 16.3-million-ton rice crop is more than 1.5 million tons larger than the 1976/77 outturn, and is projected to increase the November 1978 carryout stock level to about 4.5 million tons, the highest level since November 1971.

As a result of increasing rice stocks and declining domestic rice consumption, the Government's rice production plan for 1978 is designed to cut production by 1.7 million tons to about 14.6 million tons.

In recent years, Japan has provided food-aid assistance abroad through triangular transactions—i.e., financing rice purchases from exporters to recipient countries—but also has recently agreed to provide Indonesia with 100,000 tons of domestically produced rice.

These exports, scheduled for shipment beginning in December 1977, will be the first Japanese rice exports since 1975. While rice production in Japan is supported at about $1,100 per ton (brown basis), the price set for the aid is reported to be only about $290 per ton (milled basis).

South Korea's 1977/78 crop, estimated at a record 8.1 million tons, is up 900,000 tons from the previous record of 1976/77. Even though rice consumption is forecast to expand more than 10 percent in 1977/78, stock levels are projected to increase further to

For more details, see FAS Circular 24-77, Dec. 19, 1977.

Hand-harvesting paddy (rough) rice in Haryana, India. Total rice production in India for 1977/78 is expected to reach a record 74.3 million tons (paddy), 1 million tons higher than the 1975 record.

1.2 million tons by the end of the current November-October marketing year.

A major factor causing increased consumption in Korea is the new requirement for the use of rice instead of wheat flour in the manufacture of makkoli, the traditional Korean beverage. The use of rice for this purpose has been banned for the past 14 years, but the continuing buildup of rice inventories and the likely savings on wheat imports (about 300,000 tons) influenced the Government to make the switch from flour, effective December 1.

South Korea also has agreed to provide Indonesia with 70,000 tons of rice on a 15-year loan basis, with repayment in kind to commence in 5 years. The rice was scheduled for delivery by the end of January, and will come from the 1976/77 Korean crop.

Ideal growing conditions in the Philippines have increased rice production prospects by about 10 percent. The 1977/78 rice crop is forecast at a record 7.1 million tons, 600,000 tons larger than the previous record of 1976/77.

Old-crop carryover stocks in July 1977 of nearly 1 million tons—equal to about 3 months' domestic consumption—are considered adequate to provide at least a limited quantity of rice for export.

In mid-November, the Philippines sold 15,000 tons of 30 percent broken rice to Indonesia for about $285 per ton. An additional 10,000-ton sale to Indonesia was made in early December, but specific price and quality information was not announced.

The Philippines also has been discussing the sale of 10,000 tons of rice to Vietnam. These sales represent the first substantial exports of rice since 1968, when 37,000 tons of rice were exported.

The current rice surplus is the result of several consecutive good growing seasons, and could be upset by adverse weather during the next crop year.

This possibility, plus the low quality of much of the Philippine rice, is expected to minimize rice exports in 1978, although some additional sales are possible.

A preliminary survey of Thailand's current crop indicates sharply reduced production prospects this year because of drought damage. The smaller second crop, produced in the spring, also is likely to be reduced from the previous year's level because of expected limited availability of irrigation water.

Government officials have stated that Thailand's rice exports in 1978 will be at least 1 million tons, and could exceed 1.5 million tons, given a good second crop, but the 500,000 ton reduction in the crop estimate to 14.5 million tons will likely limit exports to at most about 1.5 million tons in 1978. Even to reach this level of exports, consumption increases can be no more than marginal in 1978.

Thailand has taken steps to slow exports by private exporters, but government-to-government sales are unaffected by the actions. As of mid-November, private exporters selling 100 percent first-grade white rice (no brokens), 5-45 percent grade white rice (5-45 percent brokens), A-1 super grade broken white rice (100 percent brokens), or high-grade glutinous rice, must sell rice to the Government at a fixed price in the amount of 50 percent of the quantity they wish to export.

Thus, an exporter wishing to export 50,000 tons of rice must sell an additional 25,000 tons to the Government at a fixed price. All other grades of rice carry a 20 percent sale requirement. The rice sold to the Government must be 15 percent grade white rice and is to be sold to the Government at a fixed price of $148 per ton, about half the current export price quotation for this grade of rice.

Thailand's rice price quotations increased sharply during November, following relatively minor fluctuations throughout most of 1977. Top-quality 100 percent first-grade rice was quoted at $345 per ton, f.o.b. Bangkok, at the end of November, compared with $309 per ton at the beginning of the month. Quotations for 10 percent broken rice increased $35 per ton during the month to $295 per ton.

The rice production series for the PRC has been revised for the period 1964-77, following an official Chinese anouncement in late September that provided rice area and production data for the 1976/77 crop.

The revised 1976/77 production level of 125.5 million tons is 7.5 million tons larger than the previous estimate. According to the Chinese, the higher production level was achieved through expansion of planted area and irrigation, double cropping, and use of high-yield varieties. The 1977/78 crop is still estimated at 2 million tons above the previous year's outturn.

India's 1977/78 rice production is expected to reach a record 74.3 million tons of paddy (49.5 million tons milled), 10 million tons larger than 1976 production and slightly more than 1 million tons larger than the previous record 1975 crop of 73.2 million tons.

Timely arrival of the southwest monsoon provided favorable conditions for sowing and transplanting of rice. The crop was aided by generally consistent, prolonged, and evenly distributed rainfall throughout the growing season.

Area planted to high-yield rice varieties was expanded, and fertilizer use also was above previous levels. Crop losses from pests and plant diseases are reported at a minimum. In recent years, India has exported about 30,000 tons of higher quality basmati rice annually, but also recently agreed to supply 50,000 tons of rice to Indonesia.

Further exports may be possible in 1978, given the current rice stock level in India, but will likely depend on world demand for lower quality rice.

The main fall crop in Bangladesh matured under favorable growing conditions and total 1977/78 production is forecast at 18.8 million tons, more than 1 million tons above the 1976/77 production level. As a result, projected imports in calendar 1978 of about 300,000 tons will be down sharply from the revised 1977 level of 500,000 tons.

Burma's 1977/78 crop reportedly has been affected by localized drought conditions, and production has been revised downward 200,000 tons. Exports in 1978 are projected at about 600,000 tons, the same level as in the past 2 years, but could be even lower, depending on the final crop outturn.

Brazil's rice crop, to be harvested during February-May, is forecast at 7.8 million tons, down slightly from the 1976/77 production level of 8 million tons. Domestic consumption is expected to exceed production in the coming April-March marketing year, and exports and ending stocks are both expected to decrease.

Exports in calendar 1978 are projected at about 100,000 tons, only one-quarter of the 1977 level. Exports for January-August 1977 totaled just over 260,000 tons.

Production prospects in Argentina and Venezuela thus far have been favorable. Record production, now forecast for Venezuela, is expected to meet domestic requirements in 1978 without the need for imports.

Argentina's production is expected to increase somewhat, in response to stronger domestic and world prices, and should be adequate to continue exports at about 100,000 tons in 1978.

Australia's 1977/78 rice crop is expected to be at least as large as the 1976/77 record 530,000-ton crop, and could be slightly larger if growing conditions continue to be favorable.

The crop was sown under excellent conditions, and total area planted to rice is estimated to have increased over last year's area. Exports in 1978 are projected at about 300,000 tons. □

Greece Ups Its Imports Of U.S. Feeder Cattle

Greece in recent months has turned to the United States as a source of feeder cattle, including calves.

In the first 10 months of 1977, Greece imported about 750 head of feeder cattle from the United States.

Greece has sharply reduced its imports of feeder cattle from traditional European sources because of high prices and questions of availability.

Greek producers, who view current meat prices in their country as unsatisfactory, are reluctant to expand their operations.

Greece's imports of feeder cattle from all sources during calendar 1978 are expected to total about 15,000 head, compared with an estimated 30,000 head for 1977, 25,000 for 1976, and 15,000 for 1975.

Based on dispatch from Wilferd L. Phillipsen, U.S. Agricultural Attaché, Athens.

Argentina Reduces Wheat Area for 1977/78

Argentine farmers, faced with low world wheat prices, dry weather, and prospects for better returns from oilseeds and possibly cattle, reduced total 1977/78 wheat area by 36 percent to 4.6 million hectares.

The resulting wheat harvest will total 5.2 million metric tons, 53 percent less than in 1976/77, according to the Argentine Secretariat of Agriculture.

At this production level, Argentina's exportable wheat surplus would be slightly less than 1 million tons, but exports could be a bit larger if carryover stocks are drawn down.

Corn plantings for the crop to be harvested in March are expected to be expanded by about 10 percent to 3.5 million hectares. With normal growing conditions, the crop should total about 7.8 million tons, compared with 8.8 million tons in the previous season when unusually favorable weather made record yields possible.

Grain sorghum sowings are forecast to expand 15 percent to about 3 million hectares, and production could be about 6.5 million tons, compared with 6.2 million tons for last year's crop.

At these levels of output, the exportable corn surplus would be about 4 million

Based on dispatches from James P. Rudbeck, former U.S. Agricultural Attaché, Buenos Aires.

Greece's beef imports during calendar 1978—primarily frozen meat from the EC, Yugoslavia, and Argentina—are forecast at 85,000 metric tons, compared with an estimated 80,000 tons during 1977. The expected gain in 1978 is attributed to a decline in domestic beef production plus a small increase in consumption.

Because of Greece's relatively low producer prices for beef and milk and higher costs of feed, the downward trend in the country's cattle population of recent years is expected to continue into 1978.

Beef production in the year ahead probably will not exceed 105,000 tons, down 6,000 tons from the estimated 1977 level of 111,000 tons.

The farm price of beef in Greece was set by the Government at the equivalent of $2.43 per kilogram (carcass weight), including a 13-cent Government subsidy.

As of September 1, the Government increased the subsidy paid farmers from 13 cents per kilogram to 38 cents, bringing the total return to the producer for carcass-weight beef to $2.68. Retail prices are set according to cut on the basis of farm price.

To protect domestic producers from the competition of imported beef, the Government applies a variable levy to bring the price of imported beef to the $2.68 level set for domestic carcass beef.

As a result of the recent Government decision to decontrol prices for lamb and kid, sheep and goat numbers are expected to increase slightly during 1978.

Output of sheep and goat meat should reach about 120,000 tons, compared with estimated output for 1977 of about 118,000 tons.

Imports of sheep and goat meat during calendar 1978 are expected to remain at or near the 1977 level of about 5,000 tons.

Improved farm prices for pork during 1977 resulted in an increase in the number of breeding sows from an estimated 151,000 in 1976 to about 159,000. A further rise to about 165,000 is forecast for 1978.

Pork production during 1978 is expected to rise slightly to about 120,000 tons, up from an estimated 117,000 tons during 1977. No imports of pork are expected during 1978 because of the anticipated rise in domestic production.

Expanded population and improved living standards are expected to result in an increase of 1.5 percent in total red meat consumption (including pork) during 1978 to about 445,000 tons.

Beef consumption is expected to rise about 2 percent. This significant increase is related to Government price controls, which keep consumer prices at relatively low levels.

Consumption of sheep and goat meat is expected to rise about 1.5 percent during 1978, and pork consumption is expected to remain at the 1977 level of about 120,000 tons. □

tons, compared with 5 million tons this season and the exportable surplus of sorghum would total about 4.5 million tons, compared with 4.2 million tons in the current marketing year.

Argentina's agricultural exports are expected to increase in value by 30 percent during 1977, following a rise of 33 percent during 1976. Virtually all categories are expected to increase during 1977, with the most significant gains over 1976 in oilseeds and products ($703 million compared with $378 million), grains ($1,496 million compared with $1,265 million), and beef ($429 million compared with $372 million).

For 1978, a decline of 5 percent is projected in the value of agricultural exports, largely as a result of the lower expected grain harvest.

The value of grain exports is projected to decline $310 million, but higher expected prices are offsetting somewhat a more significant decline in volume.

The value of oilseeds and products is projected to rise again (by about $120 million), as is that for beef (by about $60 million).

Agricultural exports normally account for about 75 percent of Argentina's total exports and the revival of agricultural exports resulted in a total trade surplus of $883 million in 1976 and an expected surplus of $1.5 billion for 1977. □

USDA Sets P.L. 480 Allocations

Revised Public Law 480, Title I, commodity and country allocations reflecting the current status of planned programming for fiscal year 1978 have been announced by Assistant Secretary of Agriculture Dale E. Hathaway.

Dr. Hathaway said the current program provides for distribution of $741.4 million in planned commodity shipments. Slightly over 75 percent of this food aid has been allocated to countries at or below the poverty criterion established by the International Development Association—currently $550 annual per capita income—as provided by law.

Fiscal year 1978 shipments of food under Title I are currently projected at about 5 million metric tons, a reduction of nearly 500,000 tons from earlier estimates. This reflects increases in estimated prices of wheat and rice not offset by price decreases in other commodities, aggregating about $45 million. Two countries—Guyana and Bolivia—have been added to the initial allocation list.

Situations may develop, Dr. Hathaway said, that would cause a change during the year in country and commodity allocations. Because each program is reviewed and approved by the Executive Branch prior to negotiations with the recipient country, these revised allocations represent neither final U.S. Government commitments nor agreements, except for some countries with which agreements already have been signed.

Title I sales involve long-term credit to countries that are carrying out economic development programs; emphasis under Title I is on rural and agricultural development, nutrition, and population planning, through programs and projects that directly improve the lives of poorest people in recipient countries. □

Continued from page 5

World Meat Output . . .

an increase of 11 percent over that of 1976. Beef and veal production, including fats and offals, is estimated at 6.7 million tons; pork, 5.1 million tons; mutton and goat meat, 1.0 million tons; poultry meat, 1.6 million tons; and other meat, 300,000 tons.

Despite an 11-percent increase in meat output in 1977, the Soviets imported meat and meat products to enable herd rebuilding. Soviet imports of meat and meat products are estimated at 400,000-500,000 tons (product weight) in 1977, of which about 50 percent were from Oceania. The remainder of Soviet red meat purchases were from East European countries.

This was the third consecutive year that the Soviet Union purchased substantial quantities of meat from Western suppliers to supplement domestic supplies. Current expectations are that Soviet imports of beef will be up about 275,000 tons in 1978, up from 250,000 tons in 1977.

In 1977, the USSR purchased an estimated 90,000 and 100,000 tons of poultry meat—the majority from EC and East European countries. However, for the second consecutive year, U.S. poultry exporters shipped to the USSR—with broiler sales totaling over 6,000 tons.

Eastern Europe. Throughout 1977, the East European countries made an allout effort to rebuild herds. The substantial reduction in inventories during 1976, the result of drought and heavy slaughterings, will prevent numbers from fully recovering until about mid-1978.

Total meat production in 1977 is estimated at some 10.5 million tons—2 percent less than in 1976. Beef and veal production in 1977, including fats and offals, is estimated at 2.7 million tons; pork, 5.7 million tons; mutton and goat meat, 295,000 tons; and other meats, 143,000 tons.

Red meat production (excluding poultry) is estimated at 8.9 million tons, a 3-percent drop from year-earlier levels. The decline in red meat production in the German Democratic Republic (GDR) and Poland offset the increases achieved in the remaining East European countries. Red meat production in 1978 in the East European countries is expected to increase, as GDR and Polish livestock industries will be recovering from reduced 1977 production levels, and rises are expected in the other countries' production.

Poultry meat production gained by 7 percent in 1977 and is expected to increase again in 1978. The East European countries have been net exporters of poultry meat. For those countries for which information is available, 1977 exports are estimated at 120,000 tons, about the same as in 1976. Poultry exports are expected to increase about 10 percent in 1978.

With a 2-percent decline in 1977 beef and veal production, several of the East European countries imported a total of about 70,000 tons (product weight) of beef from Oceania, mainly Australia. The largest share of these imports went to Poland, which experienced a critical meat supply situation throughout 1977. Eastern Europe is expected to purchase about 60,000 tons of beef (product weight) from Australia in 1978. In addition, some countries have purchased substantial quantities of pork to supplement red meat supplies.

Major Exporters

Australia. Australia's 1978 beef and veal production is forecast at 1.7-1.9 million tons, compared with revised estimates of about 2.0 million tons in 1977 and 1.87 million tons in 1976. With many uncertainties underlying the current cattle situation, there are good reasons for these wide differences of opinion.

Dry conditions, which prevailed throughout the pastoral areas during the winter and spring, and intensified in the early summer months of the Southern Hemisphere, may force continued heavy marketings.

Thus, slaughter supplies could increase, but some of the potential gain in beef output could be offset by a reduction in slaughter weights and the destruction or death of range cattle because of a shortage of forage. However, on an annual basis, a sharp decline in output is most likely to occur over a 4- or 5-year period beginning in 1979.

Exports of beef and veal in 1978 are projected at nearly the same level as in 1977—about 680,000 tons (product weight), or 1.02 million tons (carcass weight equivalent). The United States will continue as Australia's largest export market for beef in 1978, taking about 45 percent of the total. Japan, the second largest outlet, is expected to take about 11 percent of the total, or 75,000 tons (product weight) in 1978. This is 5,000 tons above the 1977 estimate of exports to Japan.

The East European countries and the Soviet Union are uncertain, but very important, outlets for Australian beef. Current expectations are that exports of beef to the Soviet Union will be down from 85,000 tons (product weight) in 1977 to 70,000 tons in 1978. Sales to Eastern Europe are expected to decline by 10,000 tons to 60,000 tons in 1978. However, any decline in sales to this region is expected to be offset by increased exports to new or minor markets.

Exports to the Middle East are expected to rise by 10,000 tons to 60,000 tons (product weight) in 1978. Access to the EC will continue to be a problem.

Exports to Canada are expected to be limited by quotas to about 27,000 tons (product weight) in 1978, the same level as in 1977. Exports to most of the numerous minor markets are expected to total near 1977 levels.

New Zealand. Beef and veal production in New Zealand is projected at 468,000 tons in 1978, compared with revised estimates of 515,000 tons in 1977 and 613,000 tons in 1976. As with Australia, New Zealand cattle numbers peaked in 1976 and declined over the past 2 years.

New Zealand's Government and industry representatives believe that a degree of stability has already returned to the New Zealand cattle industry.

Exports of beef and veal in 1978 are projected at 320,000 tons, compared with 387,000 tons in 1977 and 373,000 tons in 1976. Exports to traditional markets in 1978 are expected to be near 1977 levels. However, exports to the USSR are expected to decline. Since the USSR is an opportunist buyer of beef, the anticipated reduction in New Zealand supplies may be a deterrent to Soviet purchases.

Exports to the United

States, Canada, and the EC in 1978 are projected at 130,000 tons, 25,000 tons, and 12,000 tons (product weight), respectively. Exports to the USSR are projected to decline from 40,000 tons in 1977 to 25,000 tons in 1978. Exports to Japan are expected to increase from 2,000 tons in 1977 to 4,000 tons in 1978. Exports to other minor markets in 1978 are expected to be near 1977 levels.

Central America and Hispaniola. Cattle inventories in Central America and Hispaniola increased during 1977 and are estimated at 14.5 million head in 1978. Beef and veal output in 1978 is forecast to increase 5 percent to 409,000 tons.

An abnormally extended dry season plagued Central America and Hispaniola during the late spring and summer. Since then, pasture conditions have improved considerably.

The United States traditionally have been virtually the sole market for beef exports from Central America and Hispaniola. However, lower U.S. beef prices and voluntary restraints on exports to the United States in 1976 and 1977 resulted in certain Central American countries developing additional markets.

Movement of beef, especially to Venezuela and the Middle East, occurred in 1977.

Since the U.S. supply of manufacturing quality beef is forecast to drop in 1978, U.S. prices for imported boneless beef should increase, encouraging beef exports from these countries. Total beef and veal exports from the area in 1978 are forecast to increase to 145,000 tons, a gain of some 12 percent.

Pork and poultry production and consumption is low in the Central American countries. In several of the countries, the poultry industry is expanding rapidly and consumption should parallel this growth. Pork production is also growing, but at a much slower pace.

Mexico. Mexico's beef and veal production is forecast to rise 2 percent to 1.06 million tons in 1978, compared with the revised estimate of about 1.04 million tons in 1977.

Pork output is forecast at 435,000 tons in 1978, 2 percent greater than year-earlier levels of 428,000 tons. Mutton and goat meat production for 1978 is expected to be about the same as the 1977 level of 55,000 tons. Poultry meat production in 1978 is forecast at 331,000 tons, slightly above the level for 1977.

As of early December 1977, U.S. imports of Mexican beef subject to the U.S. Meat Import Law totaled almost 24,000 tons (product weight), 19 percent above the 1976 level for the same period.

The outlook for 1978 exports to the United States is for a modest increase in light of Mexico's anticipated effort to assure sufficient supplies for the domestic market.

One significant factor in 1977 Mexican-U.S. meat trade was that maquila beef (beef produced from cattle imported from the United States) was less than 1 percent of Mexico's beef exports, with no trade in this product since the end of March.

During 1976, maquila beef had accounted for roughly half of Mexico's beef shipments to the United States. Maquila beef trade was down substantially in 1977 because of the tight credit situation and the 1976 peso devaluation that made the importation of U.S. cows for slaughter unattractive.

During 1977, Mexico exported small quantities of meat to countries other than the United States—principally Japan. Exports to the Japanese market during January-August 1977 totaled almost 500 tons (product weight) of beef; 1,100 tons of pork; and 2,200 tons of horsemeat and offals.

Argentina. The cattle situation in Argentina continues to reflect changing climatic conditions. Production of beef and veal in 1977 is estimated at 2.8 million tons, up slightly from the 1976 level.

Domestic consumption in 1977 is estimated at 2.3 million tons, up slightly from the 1976 level.

Exports in 1977 of Argentine beef and veal are estimated to remain near the same level as the 527,000 tons of 1976. Argentina is encountering increased difficulties in one of its major export markets—the EC.

Effective November 1, 1977, Belgium, the Netherlands, Luxembourg, and Italy joined West Germany and the United Kingdom in permitting only the importation of boneless meat because of concern about foot-and-mouth disease.

These measures not only mean the loss of the sales of bone-in beef, but also of lamb and mutton (not practical to debone), pork, and certain offals.

Beef exports probably will be more dependent upon the nontraditional markets that have been actively developed over the past 2 years, notably the USSR and Egypt. However, the Argentine Government is making strong protests to these latest EC moves toward a common sanitary code. The Argentine Government is calling these moves a nontariff barrier designed to further protect the European cattle industry and its mountains of beef.

Uruguay. The 1978 forecast for beef and veal production in Uruguay is 400,000 tons, compared with the latest estimate of 345,000 tons for 1977.

During 1978, Uruguayan official sources indicate that priority could be given once again to exports of beef. The 1978 beef export forecast is 175,000 tons, compared with an estimated 140,000 tons for 1977.

Trade sources indicate that Brazil purchased 15,000 tons of (product weight) of beef from Uruguay for delivery prior to December 31, 1977. Brazil is a promising export market for Uruguayan beef in 1978, as well. However, Uruguay will lose some of its export markets since it, too, will be affected by the EC regulation on meat imports from Argentina, Brazil, Paraguay, and Uruguay. □

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Japan's Wheat Users Protest Mixing Rule

A proposal for mixing rice and wheat flour, supported by the Japanese Food Agency, has come under mounting opposition from wheat-using industry spokesmen and consumers.

A late November rally, attracting 5,000 wheat end users, expressed concern about the mixing proposal. Opening with a statement by the President of the All Japan Federation of Bakers Association, the rally also featured speakers from six other organizations and four National Diet members opposed to the Government's proposed regulation.

Rally participants also adopted a six-point proposal calling in part for no reduction in wheat imports; no rice/wheat mixing; and increased domestic wheat production.

It appears that a compromise may be worked out calling for voluntary rice/wheat flour blending in certain wheat products. □

From top, ralliers react to speakers at rice/wheat mixing protest meeting; after the rally protesters marched in a 2-mile-long parade past Government buildings.

U.K. Smokers To Roll Own

United Kingdom cigarette manufacturers, anticipating the effects of changes in Britain's cigarette tax structure, are introducing a do-it-yourself cigarette package consisting of filters, paper, fine-cut tobacco, a rolling device, and a case to hold the handmade product. The cost of a pack of such cigarettes is expected to be about one-fifth lower than that of similar size ready-made cigarettes.

The extent to which roll-your-own cigarettes will catch on in Britain remains to be seen, but this type accounts for relatively large shares of tobacco consumption in other northern European countries. Prior to adopting the European Community's cigarette tax structure, the United Kingdom imposed a tobacco tax on the weight of tobacco manufactured, rather than on the type and retail price of the end product. Under Britain's old system, the scope for tax and price savings for factory made vs handmade cigarettes was limited. □